

Message Text

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ACTION EB-08

INFO OCT-01 EUR-12 EA-10 IO-13 ISO-00 AGRE-00 CEA-01
CIAE-00 COME-00 DODE-00 FRB-03 H-01 INR-10 INT-05
L-03 LAB-04 NSAE-00 NSC-05 PA-01 CTME-00 AID-05
SS-15 STR-07 ITC-01 TRSE-00 ICA-11 SP-02 SOE-02
OMB-01 DOE-15 STRE-00 OIC-02 /138 W
-----128731 261956Z /63

P 261848Z MAY 78

FM USMISSION GENEVA

TO SECSTATE WASHDC PRIORITY 0172

INFO AMEMBASSY BRUSSELS

AMEMBASSY TOKYO

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USMTN USEEC

PASS STR ELECTRONICALLY FOR MATTHEISEN

STR PASS CODEL

E.O. 11652

TAGS: ETRD, MTN, JA, EC

SUBJECT: TRILATERAL SAFEGUARDS SESSION

1. U.S. DEL (HARTZELL, ADDUCI) AND MATTHEISEN OF STR
MET WITH EC AND JAPAN DELS MAY 17 FOR FIRST EXPLORATORY
TRILATERAL ON SELECTIVITY. U.S. SUGGESTED THAT OBJECTIVE
OF THIS AND FUTURE TRILATERALS SHOULD BE TO DEVELOP
NEGOTIATING TEXT FOR INCLUSION AS CHAPTER 4 IN DRAFT-
INTEGRATED SAFEGUARDS TEXT. DELS AGREED THAT FURTHER
SESSIONS WOULD BE NECESSARY AND SHOULD RUN CONCURRENTLY
WITH "GROUP OF 7" SESSIONS REFINING INTEGRATED TEXT,
AIMING FOR CONVERGENCE.

2. MOST DISCUSSION CENTERED ON CONDITIONS AND DISCIPLINES

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APPLICABLE TO SELECTIVE ACTION. EC (ABBOTT) RESTATED
COMMUNITY VIEW THAT MFN AND SELECTIVE ROUTES SHOULD BE
"EQUALLY AVAILABLE" AND THAT PROCEDURES AND CONDITIONS
SHOULD NOT BE "SUBSTANTIALLY MORE RIGOROUS" FOR SELECTIVE
MEASURES. IN THIS REGARD, ABBOTT DESCRIBED AS TOTALLY
UNACCEPTABLE U.S. AND JAPANESE INSISTENCE ON PRIOR
COMMITTEE APPROVAL OF UNILATERAL SELECTIVE ACTIONS AND

SAID HE COULD OFFER LITTLE HOPE THAT MEMBER STATES' POSITION WOULD CHANGE. (ABBOTT BROADLY INDICATED THAT FIRST MEMBER STATE LOOK AT JAPANESE PAPER HAD BEEN QUITE NEGATIVE.) ABBOTT DID SAY HE WAS WILLING TO EXPLORE ADDITIONAL DISCIPLINES THAT MIGHT BE "PRESENTATIONALLY HELPFUL" TO WASHINGTON AND TO TOKYO BUT ONLY IF HE WERE ABLE TO SELL THEM TO MEMBER STATES AS ENTAILING NO REAL DIFFERENTIATION. FINALLY HE NOTED THAT POINTS I-IV PARA. 2(2) IN JAPANESE TEXT DN "AGREED" SELECTIVE ACTIONS PRESENTED NO PROBLEM SINCE SUCH CONDITIONS (E.G., PRIOR NOTIFICATION/CONSULTATION) ARE COMMON TO BOTH MFN AND SELECTIVE ACTIONS.

3. U.S.REP SAID HE COULD AS YET OFFER NO OFFICIAL REACTION TO EITHER JAPANESE OR EC TEXTS BUT OBSERVED GENERALLY THAT EC DESCRIPTION OF ITS IDEAS IS "INSUFFICIENTLY AMBITIOUS" IN SOME RESPECTS WHEREAS JAPANESE TEXT, PARTICULARLY ON DISCIPLINES INCIDENT TO AGREED SELECTIVE ROUTE, IS "OVERLY AMBITIOUS AND TROUBLESOME", AND MAY HAVE THE UNINTENDED EFFECT OF HAMSTRINGING EXPORTER IN BILATERAL CONSULTATIONS WITH IMPORTER. WE STRESSED THAT UNILATERAL SELECTIVE ACTIONS ON THE OTHER HAND REQUIRE STRONG EXTRA DISCIPLINES, AS ILLUSTRATED BY OUR "6 POINTS" EMPHASIS ON PRIOR INTERNATIONAL APPROVAL AND RETALIATION.

4. WE EXPRESSED CATEGORICAL OPPOSITION TO IMMEDIATE LIMITED OFFICIAL USE

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SELECTIVE ACTION IN "CRITICAL CIRCUMSTANCES," AND RESTATED ARGUMENT THAT INITIAL MFN ACTION IN SUCH CASES COULD EFFECTIVELY STABILIZE IMPORT PROBLEM WHILE APPROPRIATENESS OF SELECTIVITY WAS EXPLORED IF IMPORTER WISHED TO PURSUE IT. WE WONDERED WHETHER EC OBJECTIVE OF "IMMEDIACY OF ACTION" MIGHT BE MET BY ESTABLISHING MANDATORY ACCELERATED TIME LIMITS ON COMMITTEE REVIEW OF PROPOSED SELECTIVITY IN THOSE SPECIAL SITUATIONS QUALIFYING AS "CRITICAL CIRCUMSTANCES." WITHOUT ELABORATING, EC RESPONDED THAT SUCH A "TIMETABLE" WAS PROBABLY UNWORKABLE AND REPEATED STANDARD ARGUMENTS REGARDING MINIMIZING TRADE DISRUPTION BY GOING SELECTIVE ROUTE.

5. WE POINTED OUT THAT CODE COVERAGE OF NEGOTIATED EXPORT RESTRAINTS WAS FUNDAMENTAL FROM U.S. STANDPOINT. WE SAID WHILE THERE IS ROOM FOR NEGOTIATION ON THIS ISSUE WE INSIST THAT ALL EXPORT RESTRAINTS TAKEN FOR SAFEGUARD PURPOSES BE SUBJECT TO CODE. JAPAN SAID IT INTENDED THAT ALL GOVERNMENT-TO-GOVERNMENT AGREEMENTS BE COVERED AND, IN ANSWER TO U.S. QUERY, SAID SUCH ARRANGEMENTS WOULD HAVE TO SATISFY CONDITIONS IN PARA. 2 OF JAPANESE TEXT. UKAWA'S ANSWER WAS "NO COMMENT" WHEN ASKED WHETHER AGREEMENTS

NEGOTIATED BY INDUSTRIES BUT SPONSORED BY GOVERNMENTS
SHOULD FALL WITHIN CODE PURVIEW.

6. EC (HOULISTON) QUERIED JAPAN ON WHAT NOTIFICATION IT
ENVISAGED IN CASES OF NEGOTIATED AGREEMENTS UNDER ITS PARA.
2. JAPAN REP (UKAWA) ANSWERED THAT COMMITTEE SHOULD BE
NOTIFIED OF INITIATION OF CONSULTATIONS AND THAT AGREEMENT
HAD BEEN REACHED; EXTENT OF DETAILS OF AGREEMENT WHICH
WOULD BE NOTIFIED WAS STILL UNDECIDED IN JAPANESE VIEW.

7. U.S. DEL SUMMED UP BY IDENTIFYING FOLLOWING LIST OF
MAJOR ISSUES TO BE BRIDGED AMONG BIG 3:

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OMB-01 DOE-15 STRE-00 OIC-02 /138 W
-----128728 261955Z /63

P 261848Z MAY 78
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TO SECSTATE WASHDC PRIORITY 0173
INFO AMEMBASSY BRUSSELS
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USMTN

PASS STR ELECTRONICALLY FOR MATTHEISEN, STR PASS CODEL

A. HOW TO HANDLE "CRITICAL CIRCUMSTANCES?"

B. WHAT SHOULD BE FUNCTIONS OF COMMITTEE IN CASE OF DIS-
AGREED SELECTIVE ACTIONS AND WHEN SHOULD THDSE
FUNCTIONS BE EXERCISED?

C. WHAT RULE SHOULD APPLY IN CASE OF AGREED SELECTIVE
ACTIONS?

D. WHAT RULES APPLY TO NEGOTIATED EXPORT RESTRAINTS?

EC ADDED THE FOLLOWING TWO ISSUES:

E. WHAT DO ADDITIONAL STEPS AND DISCIPLINES IN CASE OF
SELECTIVITY ACTUALLY ENTAIL?

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F. AT WHAT POINT HAS ONE DONE ENOUGH TO SEEK AGREEMENT
AND WHAT HAPPENS WHEN AGREEMENT IS NOT REACHED?

WHICH WE SUGGESTED WERE COVERED IN B AND C ABOVE.

8. ABBOTT OBSERVED TIME WAS RIPE FOR "SOMEONE" TO TRY A
NEW DRAFT AIMING AT COMMON GROUND AMONG THE THREE POSITIONS
--EITHER A REDRAFT FROM JAPAN OR EC, OR NEW EFFORT FROM
U.S. SIDE. IN MEANTIME, COMMISSION WOULD BE GETTING FUR-
THER INSTRUCTIONS FROM MEMBER STATES (PERHAPS "DRAMATIC"
NEW INSTRUCTIONS). DELS AGREED IN PRINCIPLE TO MEET WEEK
OF MAY 22 FOR FOLLOWUP SESSION. (NOTE: IN LIGHT OF SUB-
SEQUENT SCHEDULING PROBLEMS, FURTHER SESSION WILL BE
DELAYED TO WEEK OF MAY 29.)

9. DRAFTED BY ADDUCI MCDONALD

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: NEGOTIATIONS, REGIONAL ORGANIZATIONS, TRADE AGREEMENTS
Control Number: n/a
Copy: SINGLE
Draft Date: 26 may 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978GENEVA08156
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D780223-0674
Format: TEL
From: GENEVA USMTN
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t19780515/aaaaampm.tel
Line Count: 199
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: afeab695-c288-dd11-92da-001cc4696bcc
Office: ACTION EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 4
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 05 may 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: N/A
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2555057
Secure: OPEN
Status: NATIVE
Subject: TRILATERAL SAFEGUARDS SESSION
TAGS: ETRD, JA, US, MTN, EEC
To: STATE USEEC
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/afeab695-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014